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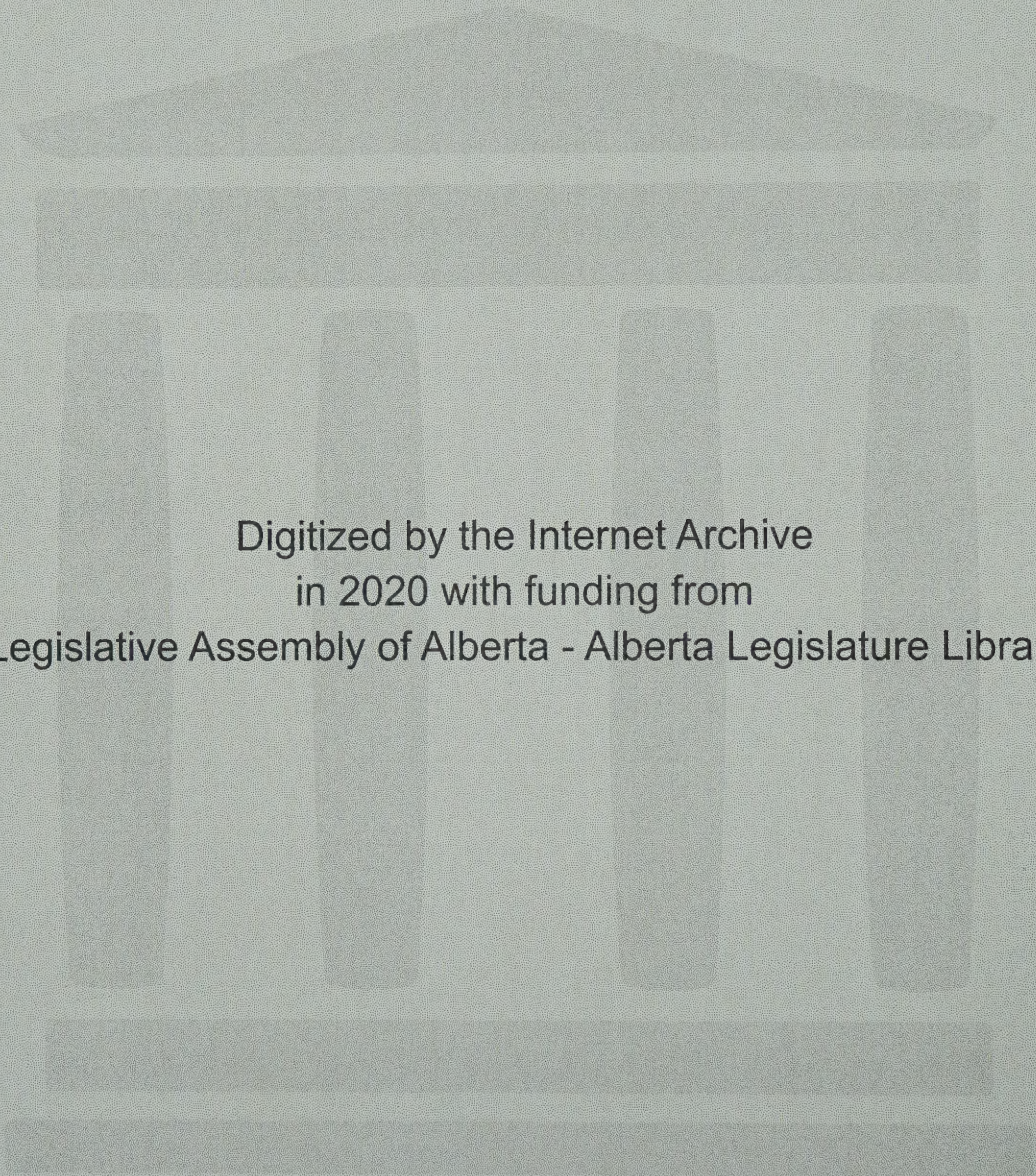
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56TH ANNUAL
REPORT 1967
ALBERTA
GOVERNMENT
TELEPHONES





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HIGHLIGHTS, 1967

Construction expenditures amounted to \$62 million.

A \$10 million portion of the rural underground cable program was completed.

There were 34 dial conversions, 29 dial additions, and two dial office replacements.

More than 31 million long distance messages were completed.



HONORABLE A. O. AALBORG

Minister of Telephones

The Honorable A. O. Aalborg, Provincial Treasurer, was appointed Minister of Telephones in July, 1967, succeeding the Honorable R. Reiersen, who had served as Minister of Telephones since September, 1959.

ANNUAL REPORT **FINANCIAL** 1967

Canada's centennial year was one of steady growth and development for the Province of Alberta, the area served by Alberta Government Telephones. Mineral production rose by \$150 million, manufacturing output by nearly \$100 million, public and private capital investments by \$96 million, construction volume by over \$50 million, and farm cash income by approximately \$20 million.

On the negative side, the Commission is becoming increasingly concerned by the continuing inflationary trend. The high cost of money is contributing to inflationary pressure, and is forcing up the company's operating expenses through rising debt service charges. In addition, there is continuing pressure for higher wages and salaries to keep pace with increasing costs. These conditions warn of a certain degree of economic instability, and are being watched very closely.

Despite the economic uncertainties, however, Alberta is in a position of continuing industrial development, and AGT is assured of corresponding steady growth.

On March 3, 1967, the Public Utilities Board for the Province of Alberta approved revised rates for Alberta Government Telephones, and the new rates were introduced April 1, 1967. As these rates were in effect for only 9 months, the full impact for a year will not be realized until 1968.

Operating revenues for 1967 amounted to \$75,760,000.00, an increase of 24.4% over the same period in 1966. This increase reflected the introduction of a revised rate tariff, together with continued growth in local and toll service. While expected revenues from local service were realized, a more moderate growth in toll message volumes resulted in lower revenues for this service than anticipated.

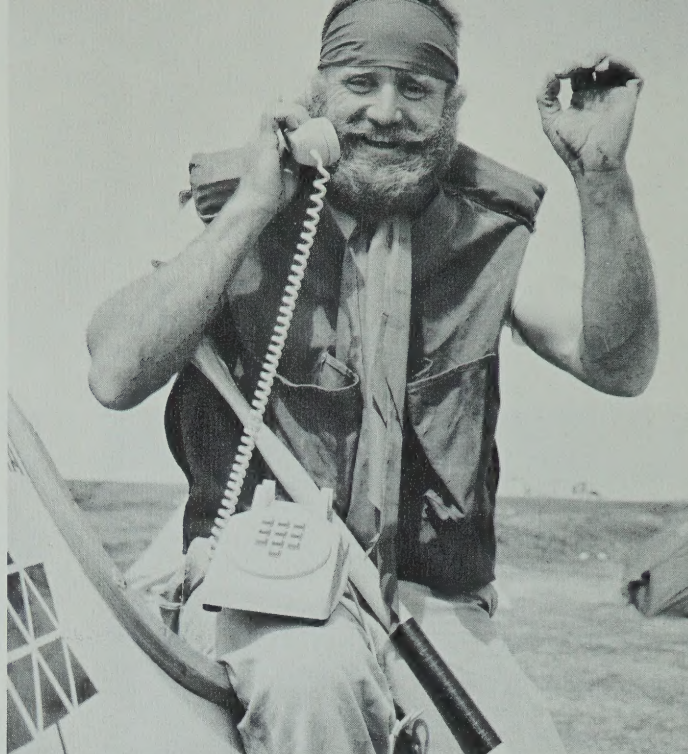
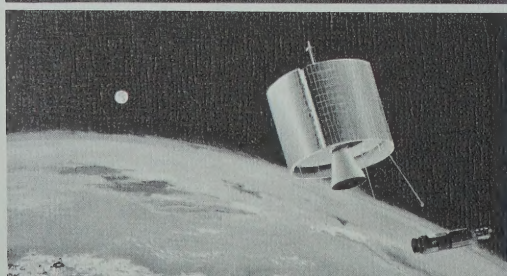
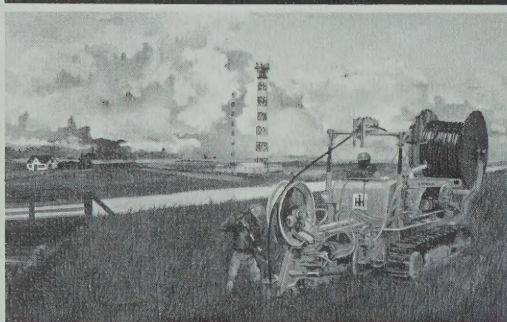
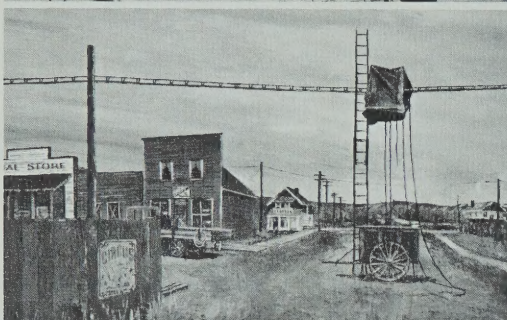
Operating expenses in 1967 amounted to \$63,060,000.00, an increase of 13.4% over the same period in 1966. The largest item and greatest increase at 17.5% was depreciation which resulted from increased additions to the telephone plant.

Debt service charges continued to increase due to necessary borrowings at higher interest rates to meet the expanding construction program. Interest charges amounted to \$12,555,326.00, after deducting \$441,454.00 for interest charged to construction and \$493,428.00 from sinking fund earnings.

Net income from telephone operations amounted to \$145,006.00, but after deducting operating costs of \$227,278.00 for Radio Station C.K.U.A., a deficit of \$82,272.00 resulted.

TELEPHONE PLANT

| | December 31 1967 | December 31 1966 | Increase |
|---|----------------------|----------------------|---------------------|
| Land and Buildings | \$ 41,577,057 | \$ 38,236,360 | \$ 3,340,697 |
| Equipment | 211,367,385 | 183,075,808 | 28,291,577 |
| Exchange Lines | 74,913,921 | 62,030,176 | 12,883,745 |
| Toll Lines | 24,794,938 | 24,114,718 | 680,220 |
| Office Furniture and Equipment | 2,666,493 | 2,465,498 | 200,995 |
| Tools, Vehicles and Miscellaneous | 5,433,337 | 4,856,477 | 576,860 |
| Plant Under Construction | 15,967,056 | 10,008,232 | 5,958,824 |
| Total | <u>\$376,720,187</u> | <u>\$324,787,269</u> | <u>\$51,932,918</u> |



Canada's centennial year was saluted by AGT with a series of oil paintings tracing the development of communications in the province (left).

AGT microwave picked up the start of the Centennial Voyageur Canoe Pageant for transmission to millions of viewers around the world. One of the voyageurs (above) signals his approval of the company's Touch-Tone service, introduced during the year.

The Telephone Association of Canada Pavilion at Expo '67 was host to more than 6 million visitors. An AGT hostess at the Pavilion is shown (below) assisting a little boy to call his favorite cartoon character.



FINANCING

During the fiscal year, a total of \$61,665,000 in debentures was issued by the Commission, of which \$40,559,000, was required to provide capital funds for the 1967 construction program and to retire \$1,559,000 United States pay debentures called for redemption. In anticipation of a continuing rise in interest rates, the balance of \$21,106,000 was borrowed in advance to be applied toward the current construction program.

| Maturity | Rate of Interest | Currency | Amount |
|-----------------|-------------------------|-----------------|-----------------|
| December 1991 | 6 % | U.S. | \$3,400,000.00 |
| April 1992 | 6 % | Canadian | \$25,000,000.00 |
| October 1992 | 6¼% | U.S. | \$33,265,000.00 |

Interest rates on funds raised for capital expansion during 1967 were the highest paid by the Commission to date. The upward trend is still continuing, and only borrowing to cover essential construction is being considered at the present time.

LONG DISTANCE

During the year, 31,757,485 long distance messages were completed, representing an increase of 6.8% over the same period in 1966.

| Type | Total | Percent |
|------------------------|--------------|----------------|
| Operator handled | 18,243,911 | 57.4% |
| Customer DDD | 13,513,574 | 42.6% |
| | 31,757,485 | 100.0% |

In addition, 323,193 TWX teletypewriter messages were completed over the long distance network, representing an increase of 59.9% over the same period in 1966.

The toll network was increased by 249 toll circuits, 44 of which were added to the Trans-Canada system.

RURAL DEVELOPMENT

The rural buried cable program — scheduled for completion in 1973 — will bring four-party service to virtually all of the rural subscribers in the province.

To date, \$25 million has been spent on the rural program. Approximately 20,800 miles of cable and wire have been buried, and facilities have been installed to provide 22,000 applicants with four-party telephone service.

In 1967, some 8,341 miles of cable and wire brought buried service to 46 new areas, and an additional 819 miles of cable extensions brought service to another 41 areas. During the year, four-party service was extended to 9,840 subscribers and made available to an additional 3,411 prospective subscribers.

Dial conversions — carried out in conjunction with the buried cable program — were completed in 34 communities. At the end of the year, 98.1% of the company's subscribers were enjoying the convenience of dial telephone service.

MARKETING

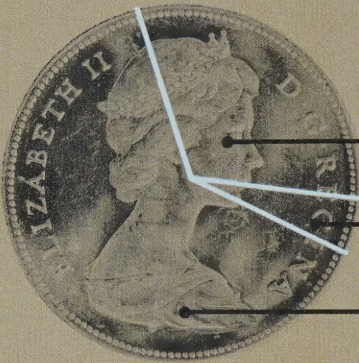
The Marketing Division kept pace with developments in Alberta to meet the challenging communications problems of the company's many and varied business customers.

Marketing continued its concentrated program of analytical market coverage of business customers. Under this program, the communications consultants concentrate their attention on the customers with the more complex communications requirements. This group, while relatively small in number, accounts for approximately one-third of the company's total revenue.

New and improved services inaugurated during the year included the following:

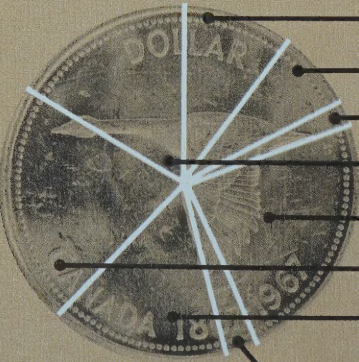
- Teacher's PET — a low-cost portable educational television package for institutions not requiring large studio facilities.
- Automate Dialer — a unit designed to remember telephone numbers and dial them automatically.

OPERATING REVENUE



| | |
|----------------|--------------|
| Exchange | 33.2 |
| Other | 4.5 |
| Toll | 62.3 |
| | <u>100.0</u> |

OPERATING EXPENSES



| | |
|----------------------------------|--------------|
| Traffic | 9.7 |
| Commercial | 7.4 |
| Property Taxes | 1.9 |
| General | 14.1 |
| Depreciation | 24.5 |
| Maintenance | 23.5 |
| Debt Service Charges, Net | 16.5 |
| Pension Fund Contributions | 2.4 |
| | <u>100.0</u> |

BUSINESS INFORMATION SYSTEMS

The conversion of Phase I of the Toll Billing System to I.B.M. 360 Model 30 Computer application was accomplished during January, 1967. Immediately following, the re-design and programming for the conversion of Phase II of the Toll Billing System to I.B.M. 360 Model 50/30 application was commenced. This conversion was accomplished during December, 1967.

The designing and programming of the Cash and Accounts phase of the Billing and Collecting System was continued with the General Remittance Unit procedures for processing payment receipts and Commercial treatment information implemented during the month of February. This included development of the Universal Service Order equipment codes.

The necessary programming modifications to the Toll Message Rating System were designed and implemented to accommodate the general rate change, effective April, 1967. At the same time, modifications to the Toll Billing System were programmed to accommodate various Trans-Canada and Commission statistical and analytical requirements.

The initial phase of the computer operated Payroll and Personnel System was designed, programmed, and implemented, providing magnetic tape employee payroll and personnel master files, and various reports for Personnel and Accounting Department use.

Toll messages billed reached an average volume of 2,588,000 per month, an increase of approximately 7% over the 1966 processing volumes.

PERSONNEL

The Commission extended and improved service widely throughout the province in 1967, without a corresponding increase in staff. This was made possible through the increased training and experience of a dedicated employee body.

| | December 1967 | December 1966 | Decrease for 1967 |
|--|------------------|------------------|----------------------|
| Permanent Employees --- | 6,235 | 6,241 | 6 |
| Casual and Occasional Employees --- | 263 | 272 | 9 |
| Total Employees ----- | 6,498 | 6,513 | 15 |

The Centralized Employment Offices in Edmonton and Calgary received a total of 10,584 applications for employment. The applicants were carefully screened, and 1,577 were selected. Specialized areas of the Personnel Department were expanded in their functions of dealing with management and clerical evaluations, salaries, collective bargaining, safety, driver training, and various other projects.

The Management Induction Training Program was completed in March, 1967, when the last of 757 supervisors finished M.I.T. Week II at the Banff School of Fine Arts. M.I.T. has since been put on a maintenance basis to provide basic training for new supervisors. Three other courses were available to the departments on a continuing basis: Appreciation of Selection Methods, Leadership Training, and Coaching. A Workshop in Critical Path Methods was introduced, and development work was started on two additional courses, Financial Management and Personal Factors in Management.

A General Lending Library was established for the use of all departments to encourage self-development, to broaden the employees' knowledge, and to assist them in their work.

A Medical Department was opened in Calgary in June, 1967, and approximately 2,230 employees used the facilities offered for emergency care, treatment of minor ailments, health counselling, and medical rehabilitation.

The Safety Section reported an appreciable reduction in the accident frequency and severity rate. The reduction resulted from supervisor and employee training in the areas of safe driving, the use of seat belts, the wearing of hard hats and safety glasses, and the practice of fire prevention and first aid.

PENSION SCHEME

An actuarial valuation of the Pension Scheme as at December 31, 1966, revealed a substantial improvement in the financial position of the fund over the three-year period prior to the valuation. As a result, several changes and increases in pensions were made effective December 1, 1967.

As at December 31, 1967, there were 5,616 employees participating in the Pension Scheme, 2,188 females and 3,428 males, a total increase of

447 during the year. Pensions were being paid to 219 pensioners at an average of \$236.57 per month.

The par value of securities held in the Pension Fund Investment Portfolio on December 31, 1967, was \$27,991,452.32, an increase of \$4,323,334.19 over the previous year. In addition, there was a cash balance of \$74,304.27 available for investment; \$314,659.67 accounts receivable, representing Commission and employee contributions; and a further \$338,231.93 accrued interest and dividends. During the year, securities in the amount of \$253,000.00 either reached maturity or were called for redemption. The Board traded \$260,000.00 in securities into equivalent par value issues to improve the yield.

FUTURE DEVELOPMENT

A record construction budget of \$63.5 million has been set up to keep pace with the demand for an ever increasing complexity and diversity of communications services.

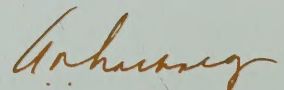
A total of \$13.5 million has been budgeted for central office equipment. Fifty-two new dial offices will be completed at a cost of \$6.7 million, and 52 dial additions will be made to existing offices at a cost of \$3.4 million. Replacement dial offices — including Rainbow Lake, High Level, and Elbow Park - Calgary — will be installed at a cost of \$3.2 million.

Outside plant has been budgeted at \$13.4 million. A \$9.3 million rural program will bring buried cable service to 32 exchange areas. The program will involve 5,280 miles of cable and wire, and will bring four-party service to some 5,000 subscribers. An additional \$3.9 million program will provide for the expansion of exchange cable facilities.

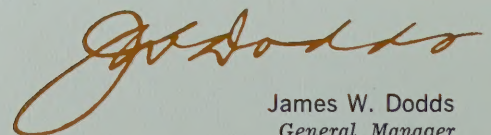
A total of \$12.9 million has been budgeted for toll equipment and facilities. Toll facilities will amount to \$9.6 million, and will include part of the cost of co-axial cable installations between Edmonton and Jasper, Calgary and Banff, and Lethbridge and Coutts; and microwave facilities between Athabasca and Slave Lake, Edson and Grande Prairie, Watt Mountain and Rainbow Lake, and at Sherwood Park.

Construction is expected to commence on AGT's new head office building. The new building, scheduled for completion in late 1970 or early 1971, will rise 33 storeys above ground level, and will provide 500,000 square feet of office space.

The Trans-Canada Telephone system (of which AGT is a part), CNT, and CPT have a joint proposal before the Federal Government to provide a satellite communications system which, if approved, will serve the entire country. It will be integrated with existing telecommunications facilities to carry television programs, telephone calls, data, and other services.



Honourable A. O. Aalborg
Minister of Telephones



James W. Dodds
General Manager

GOVERNMENT OF THE PROVINCE OF ALBERTA

OFFICE OF THE PROVINCIAL AUDITOR

Edmonton, April 3, 1968

The Alberta Government Telephones Commission
EDMONTON, Alberta

I have audited the books and records of the Alberta Government Telephones Commission for the year ended December 31, 1967. The following statements are submitted herewith:

| Statement | Particulars |
|-----------|--|
| A. | Balance Sheet |
| B. | Statement of Surplus |
| C. | Statement of Income |
| D. | Statement of Net Long Term Debt Pension and Death Benefit Fund: |
| E. | Balance Sheet |
| F. | Statement of Operations |

The Alberta Government Telephones Commission was established under authority of Chapter 85, Statutes of Alberta, 1958, to acquire all the assets and assume all the liabilities of Alberta Government Telephones as at April 1, 1958.

Operations for the year, as shown in Statement C, resulted in a net loss of \$82,272, which was carried to the surplus account. Adjustments applicable to previous years, \$231,085, and net adjustments applicable to acquired assets, \$82,391, were credited to surplus. The cost of integration of mutual telephone companies, \$103,419, was charged to surplus. In accordance with a change in Commission policy the sinking fund reserve as at December 31, 1966, \$7,478,110, was transferred to surplus.

In previous years sinking fund earnings were credited to reserve. During the current year the earnings, \$493,428, have been carried to revenue and are shown netted with debt service charges.

Investments held in the depreciation and renewal reserve fund were transferred to the sinking fund during the year at market value with the difference between book and market values, \$271,995, charged to the reserve. The fund cash was released for general purposes of the Commission and the fund discontinued.

Pension and Death Benefit Fund assets are subject to the comments in the certificate attached to the Pension and Death Benefit Fund Balance Sheet.

The Alberta Government Telephones Commission has the following estimated commitments which are not reflected in the Balance Sheet as at December 31, 1967:

| | |
|---|--------------|
| In respect of equipment for future delivery | \$11,795,000 |
| In respect of uncompleted contracts | 1,851,000 |

Subject to the foregoing, I certify that, in my opinion, the attached Balance Sheet is properly drawn up so as to show the true financial position of the Alberta Government Telephones Commission as at December 31, 1967, according to information and explanations given to me and as shown by the books of the Commission and the accompanying Statement of Income correctly sets forth the result of operations for the year ended at that date.



C. K. HUCKVALE, F.C.A.
Provincial Auditor.

BALANCE SHEET AS AT DECEMBER 31, 1967

ASSETS

| | | | |
|--|--|----------------------|----------------------|
| Telephone property, at cost: | | | |
| Land, buildings and equipment | | \$360,753,131 | |
| Less: Accumulated depreciation | | 76,266,824 | |
| | | <u>\$284,486,307</u> | |
| Plant under construction | | 15,967,056 | |
| Materials and supplies, at cost | | 6,623,290 | |
| | | | <u>\$307,076,653</u> |
| Current: | | | |
| Cash on hand and in banks | | \$ 1,738,060 | |
| Short term deposits, including accrued interest | | 19,258,965 | |
| Accounts receivable, less allowance for doubtful accounts | | 11,489,105 | |
| Prepaid expenses | | 1,122,835 | |
| | | | <u>33,608,965</u> |
| Deferred charges: | | | |
| Expenses re inventory of outside plant and application for rate increase | | \$ 2,731,401 | |
| Unamortized debenture discount | | 2,650,269 | |
| | | | <u>5,381,670</u> |
| Trust funds: | | | |
| Pension and death benefit fund, Statement E | | \$ 28,718,648 | |
| Government of Canada bonds | | 796,628 | |
| | | | <u>29,515,276</u> |
| | | | <u>\$375,582,564</u> |

GOVERNMENT OF THE PROVINCE OF ALBERTA

ALBERTA GOVERNMENT TELEPHONES COMMISSION

Statement A

LIABILITIES

| | | |
|---|----------------------|----------------------|
| Long term debt, Statement D: | | |
| Debentures payable | \$258,278,000 | |
| Deduct: Sinking fund assets | 10,849,138 | |
| | <u>\$247,428,862</u> | |
| Advances from Provincial Treasurer | 42,538,686 | |
| | | <u>\$289,967,548</u> |
| Unamortized premium, net, on United States funds | | 7,443,363 |
| Current: | | |
| Matured debentures and coupons | \$ 207,524 | |
| Less: Cash provided for redemption | <u>207,524</u> | |
| | | |
| Accounts payable | \$ 6,163,582 | |
| Wages payable | 1,669,028 | |
| Accrued interest | 4,978,358 | |
| Unearned revenue | <u>1,373,215</u> | |
| | | 14,184,183 |
| Surplus, retained for investment in plant, debt redemption and working capital, Statement B | | 34,472,194 |
| Trust: | | |
| Pension and death benefit fund, Statement E: | | |
| Accounts payable | \$ 69,082 | |
| Pension and death benefit fund reserve | <u>28,649,566</u> | |
| | | |
| Employees' accounts | \$ 28,718,648 | |
| Bond installments payable | <u>121,902</u> | |
| | 674,726 | |
| | | 29,515,276 |
| | | <u>\$375,582,564</u> |

This is the Balance Sheet referred to in my report of April 3, 1968, addressed to the Alberta Government Telephones Commission.



C. K. HUCKVALE, F.C.A.
Provincial Auditor

STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 1967

| | | |
|--|----------------------|----------------------|
| Operating revenues: | | |
| Toll | \$ 47,231,778 | |
| Exchange | 25,170,754 | |
| Other (Note 1) | 3,830,405 | |
| | <u>\$ 76,232,937</u> | |
| Less: | | |
| Provision for uncollectable operating revenues | 472,488 | |
| | | <u>\$ 75,760,449</u> |
| Operating expenses: | | |
| Maintenance | \$ 17,813,257 | |
| Depreciation | 18,560,217 | |
| Traffic | 7,384,584 | |
| Commercial | 5,612,216 | |
| General and administration | 10,444,578 | |
| Pension fund and Canada Pension Plan contributions | 1,802,100 | |
| Property taxes | <u>1,443,165</u> | |
| | | <u>63,060,117</u> |
| Operating income before debt service charges | | \$ 12,700,332 |
| Debt service charges, net (Note 2) | | <u>12,555,326</u> |
| Net income from telephone operations | | \$ 145,006 |
| Other charges: | | |
| Net operating costs of Radio Station CKUA | | <u>227,278</u> |
| Net loss for the year ended December 31, 1967 | | <u>\$ 82,272</u> |
| Note 1—Other operating revenues include: | | |
| Rental revenue | \$ 2,171,039 | |
| Directory advertising and sales | 1,501,922 | |
| Other | <u>157,444</u> | |
| | | <u>\$ 3,830,405</u> |
| Note 2—Debt service charges, net, include: | | |
| Interest and exchange on long term debt | \$ 13,803,629 | |
| Amortization of discount, net | 138,069 | |
| Exchange on debt redemptions | 131,374 | |
| Other charges | <u>21,146</u> | |
| | | <u>\$ 14,094,218</u> |
| Less: Interest earnings, net | \$ 541,127 | |
| Sinking fund earnings | 493,428 | |
| Interest capitalized during construction | 441,454 | |
| Gains on redemptions | <u>62,883</u> | |
| | | <u>1,538,892</u> |
| | | <u>\$ 12,555,326</u> |

STATEMENT OF SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 1967

| | |
|---|----------------------|
| Surplus as at January 1, 1967 | \$ 26,866,299 |
| Add: | |
| Transferred from sinking fund reserve | \$ 7,478,110 |
| Adjustments applicable to previous years | 231,085 |
| Adjustments applicable to acquired assets, net | <u>82,391</u> |
| | 7,791,586 |
| | <u>\$ 34,657,885</u> |
| Deduct: | |
| Net loss for the year ended December 31, 1967, Statement C | \$ 82,272 |
| Cost of integration of mutual telephone companies | <u>103,419</u> |
| | 185,691 |
| Surplus as at December 31, 1967 | <u>\$ 34,472,194</u> |

Statement D

STATEMENT OF NET LONG TERM DEBT

AS AT DECEMBER 31, 1967

| Date of Issue | Maturity Date | Interest Rate | Currency | (A) Original Issue or Advance | Amount Outstanding | Deduct: Sinking Fund Assets | Net Long Term Debt |
|---|-------------------|---------------|---------------|-------------------------------|----------------------|-----------------------------|----------------------|
| (B) Debentures payable: | | | | | | | |
| August 1, 1964 | August 1, 1969 | 5 % | Canadian | \$ 15,000,000 | \$ 15,000,000 | \$ | \$ 15,000,000 |
| March 15, 1966 | March 15, 1976 | 5½ % | Canadian | 7,000,000 | 7,000,000 | | 7,000,000 |
| May 2, 1966 | May 2, 1976 | 5½ % | Canadian | 8,000,000 | 8,000,000 | | 8,000,000 |
| July 2, 1958 | July 2, 1978 | 4¼ % | Canadian | 18,000,000 | 18,000,000 | 5,033,546 | 12,966,454 |
| September 1, 1959 | September 1, 1979 | 4¾ % | United States | 10,000,000 | 7,377,000 | | 7,377,000 |
| August 1, 1961 | August 1, 1981 | 5¼ % | Canadian | 12,000,000 | 12,000,000 | 1,748,063 | 10,251,937 |
| March 1, 1960 | March 1, 1985 | 5¾ % | United States | 22,000,000 | 18,074,000 | | 18,074,000 |
| April 15, 1965 | April 15, 1985 | 5¼ % | Canadian | 10,000,000 | 10,000,000 | 431,284 | 9,568,716 |
| January 15, 1963 | January 15, 1988 | 4¾ % | United States | 20,000,000 | 18,562,000 | | 18,562,000 |
| October 15, 1964 | October 15, 1989 | 4¾ % | United States | 25,000,000 | 25,000,000 | 1,744,510 | 23,255,490 |
| August 15, 1965 | August 15, 1990 | 4¾ % | United States | 25,000,000 | 25,000,000 | 1,141,274 | 23,858,726 |
| August 15, 1966 | August 15, 1991 | 6 % | Canadian | 25,000,000 | 25,000,000 | 512,216 | 24,487,784 |
| December 15, 1966 | December 15, 1991 | 6 % | United States | 11,000,000 | 11,000,000 | 238,245 | 10,761,755 |
| April 15, 1967 | April 15, 1992 | 6 % | Canadian | 25,000,000 | 25,000,000 | | 25,000,000 |
| October 1, 1967 | October 1, 1992 | 6¼ % | United States | 33,265,000 | 33,265,000 | | 33,265,000 |
| | | | | <u>\$266,265,000</u> | <u>\$258,278,000</u> | <u>\$ 10,849,138</u> | <u>\$247,428,862</u> |
| (C) Advances from the Provincial Treasurer: | | | | | | | |
| December 1, 1950 | December 1, 1975 | 3 % | Canadian | \$ 2,000,000 | \$ 807,509 | | \$ 807,509 |
| December 1, 1951 | December 1, 1976 | 3 % | Canadian | 5,000,000 | 2,238,958 | | 2,238,958 |
| October 1, 1952 | December 1, 1977 | 3 % | Canadian | 7,000,000 | 3,433,759 | | 3,433,759 |
| November 1, 1953 | December 1, 1978 | 3½ % | Canadian | 8,000,000 | 4,376,491 | | 4,376,491 |
| November 1, 1954 | December 1, 1979 | 3½ % | Canadian | 8,000,000 | 4,697,641 | | 4,697,641 |
| June 1, 1950 | June 1, 1980 | 3 % | Canadian | 16,560,142 | 8,712,983 | | 8,712,983 |
| January 1, 1956 | December 1, 1980 | 3½ % | Canadian | 7,000,000 | 4,381,860 | | 4,381,860 |
| January 1, 1957 | December 1, 1981 | 3½ % | Canadian | 10,000,000 | 6,634,326 | | 6,634,326 |
| November 1, 1957 | December 1, 1982 | 4½ % | Canadian | 10,000,000 | 7,255,159 | | 7,255,159 |
| | | | | <u>\$ 73,560,142</u> | <u>\$ 42,538,686</u> | | <u>\$ 42,538,686</u> |
| | | | | <u>\$339,825,142</u> | <u>\$300,816,686</u> | <u>\$ 10,849,138</u> | <u>\$289,967,548</u> |

(A) Issues repayable in United States currency are recorded on the basis that a U.S. dollar equals a Canadian dollar. Unamortized premium, net, on United States funds reflected in the Balance Sheet represents premiums, net, received on issue of debentures, deferred to offset anticipated exchange costs at maturity.

(B) Debentures payable are unconditionally guaranteed as to principal and interest by the Government of the Province of Alberta. Sinking fund payments and redemptions due in the year ending December 31, 1968, amount to \$4,256,000.

(C) Advances from the Provincial Treasurer are repayable on a semi-annual basis. Repayments due in the year ending December 31, 1968, amount to \$2,841,481.

PENSION AND DEATH BENEFIT FUND

BALANCE SHEET AS AT DECEMBER 31, 1967

ASSETS

| | |
|--|---------------|
| Cash in bank | \$ 74,304 |
| Short term deposit | 500,000 |
| Dividends receivable | 1,014 |
| Contributions receivable | 314,660 |
| Investments: | |
| Bonds and debentures, at par value | \$ 26,304,000 |
| Shares at cost | 1,187,452 |
| | 27,491,452 |
| Accrued interest | 337,218 |
| | \$ 28,718,648 |

LIABILITIES

| | |
|---|---------------|
| Accounts payable | \$ 69,082 |
| Pension and Death Benefit Fund Reserve: | |
| Employees' accounts | \$ 8,361,408 |
| Employer's account | 20,288,158 |
| | 28,649,566 |
| | \$ 28,718,648 |

Edmonton, Alberta
April 3, 1968

I have audited the books and records of the Alberta Government Telephones Commission's Pension and Death Benefit Fund for the year ended December 31, 1967.

Investments were verified by actual examination and are summarized hereunder:

| | |
|---|---------------|
| Bonds and Debentures, at par value | |
| Government of Canada, direct and guaranteed | \$ 4,876,000 |
| Provincial, direct and guaranteed | 11,356,000 |
| Municipal | 4,253,000 |
| School District | 100,000 |
| Corporation | 5,719,000 |
| | \$ 26,304,000 |
| Shares, at cost | |
| Preferred | \$ 166,650 |
| Common | 1,001,715 |
| Warrants | 19,087 |
| | \$ 1,187,452 |
| | \$ 27,491,452 |

The approximate market value of the above securities amounted to \$23,679,900 as at December 31, 1967.

An actuarial survey as at December 31, 1966, indicated that the Fund as constituted would be sufficient to meet all future requirements.

I certify that, in my opinion, the above Balance Sheet is properly drawn up so as to show the true financial position of the Pension and Death Benefit Fund as at December 31, 1967, according to information and explanations given to me and as shown by the books of the Fund, and the accompanying Statement of Operations correctly summarizes the transactions for the year ended at that date.

C. K. Huckvale

C. K. HUCKVALE, F.C.A.
Provincial Auditor.

PENSION AND DEATH BENEFIT FUND

STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1967

| | Employees' Accounts | Employer's Account | Total |
|---|------------------------|-----------------------|---------------------|
| Pension and Death Benefit Fund reserve as at January 1, 1967 | \$ 7,176,355 | \$17,650,770 | \$24,827,125 |
| Add: | | | |
| Contributions | 1,318,791 | 2,052,541 | 3,371,332 |
| Earnings | 291,517 | 1,104,674 | 1,396,191 |
| Transfers in respect of employees retiring on pension | (54,233) | 54,233 | |
| | <u>\$ 8,732,430</u> | <u>\$20,862,218</u> | <u>\$29,594,648</u> |
| Deduct: | | | |
| Pension payments | \$ 366,614 | \$ 506,504 | \$ 506,504 |
| Withdrawals | | | 366,614 |
| Contributions and earnings transferred to other pension authorities, net | 4,408 | 4,408 | 8,816 |
| Administration expense | | 63,148 | 63,148 |
| | <u>\$ 371,022</u> | <u>\$ 574,060</u> | <u>\$ 945,082</u> |
| Pension and Death Benefit Fund reserve as at December 31, 1967 | <u>\$ 8,361,408</u> | <u>\$20,288,158</u> | <u>\$28,649,566</u> |

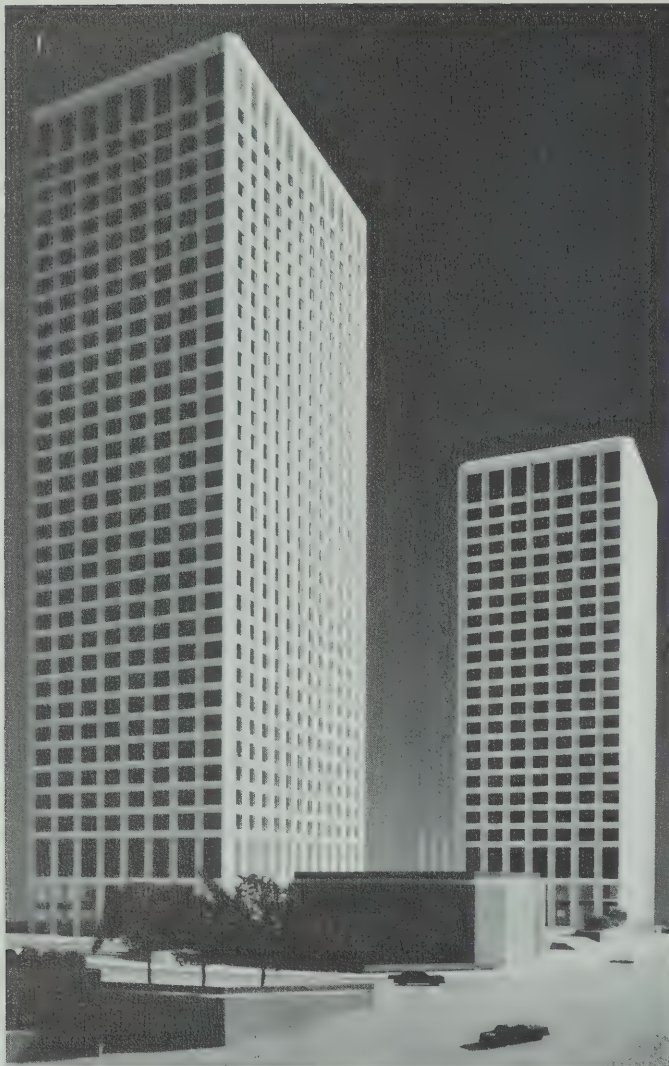
ALBERTA GOVERNMENT TELEPHONES STATISTICS

| | 1967 | 1966* | 1966 | 1965 |
|-------------------------------|-------------|-------------|-------------|-------------|
| NUMBER OF TELEPHONES | | | | |
| System Owned | 393,489 | 364,425 | 340,264 | 318,282 |
| Rural Mutual Company | 31,536 | 34,294 | 39,349 | 38,418 |
| Private System | 177,897 | 178,432 | 169,648 | 158,809 |
| TOTAL | 602,922 | 577,151 | 549,261 | 515,509 |
| Percent Dial Telephones | 98.1% | 96.6% | 95.8% | 93.8% |
| TELEPHONE MOVEMENT | | | | |
| Connected | 103,583 | 110,078 | 83,542 | 103,742 |
| Disconnected | 74,519 | 85,917 | 61,560 | 82,546 |
| INCREASE | 29,064 | 24,161 | 21,982 | 21,196 |
| NUMBER OF EXCHANGES | | | | |
| | 349 | 357 | 364 | 370 |
| NUMBER OF TOLL OFFICES | | | | |
| | 89 | 98 | 109 | 120 |
| LONG DISTANCE MESSAGES | | | | |
| | 32,251,057 | 23,185,514 | 27,495,279 | 24,316,067 |
| TOTAL PLANT | | | | |
| | 376,720,187 | 324,787,269 | 293,463,001 | 253,464,690 |
| TOTAL EARNINGS | | | | |
| | 75,760,449 | 47,325,404 | 55,241,366 | 47,943,244 |
| TOTAL EXPENSES | | | | |
| | 75,842,721 | 51,318,069 | 56,717,592 | 47,736,928 |
| NET INCOME or (LOSS) | | | | |
| | (82,272) | (3,992,665) | (1,476,226) | 206,316 |
| EMPLOYEES | | | | |
| Men | 3,592 | 3,525 | 3,164 | 2,687 |
| Women | 2,906 | 2,988 | 2,785 | 2,472 |
| TOTAL PAYROLL | | | | |
| | 36,908,694 | 24,635,840 | 27,136,387 | 22,804,487 |

*Nine-month Period Only — April to December

MARCH 31, 1959, TO DECEMBER 31, 1967

| 1964 | 1963 | 1962 | 1961 | 1960 | 1959 |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 297,086 | 278,598 | 260,080 | 240,884 | 222,964 | 199,747 |
| 36,910 | 35,185 | 33,121 | 31,663 | 30,645 | 29,739 |
| 148,568 | 147,850 | 138,324 | 127,538 | 119,066 | 106,456 |
| 482,564 | 461,633 | 431,525 | 400,085 | 372,675 | 335,942 |
| 91.1% | 89.0% | 86.4% | 84.8% | 83.7% | 82.5% |
| 99,195 | 91,703 | 61,420 | 50,329 | 61,736 | 42,166 |
| 80,707 | 73,185 | 42,224 | 32,409 | 38,519 | 26,730 |
| 18,488 | 18,518 | 19,196 | 17,920 | 23,217 | 15,436 |
| 376 | 396 | 407 | 407 | 397 | 393 |
| 136 | 144 | 155 | 165 | 153 | 150 |
| 21,827,542 | 19,319,050 | 18,004,331 | 16,407,962 | 15,119,343 | 13,770,333 |
| 223,832,041 | 200,712,715 | 182,252,321 | 168,664,072 | 148,290,608 | 134,874,290 |
| 42,863,403 | 37,916,352 | 34,396,984 | 29,899,544 | 27,433,443 | 23,693,963 |
| 41,741,659 | 35,892,229 | 31,004,540 | 27,491,398 | 24,676,331 | 21,476,820 |
| 1,121,744 | 2,024,123 | 3,392,444 | 2,408,146 | 2,757,112 | 2,217,143 |
| 2,413 | 2,107 | 1,893 | 1,888 | 1,786 | 1,649 |
| 2,318 | 1,996 | 1,894 | 1,866 | 1,903 | 1,965 |
| 20,015,451 | 17,343,875 | 15,602,213 | 14,776,789 | 13,255,830 | 11,759,562 |

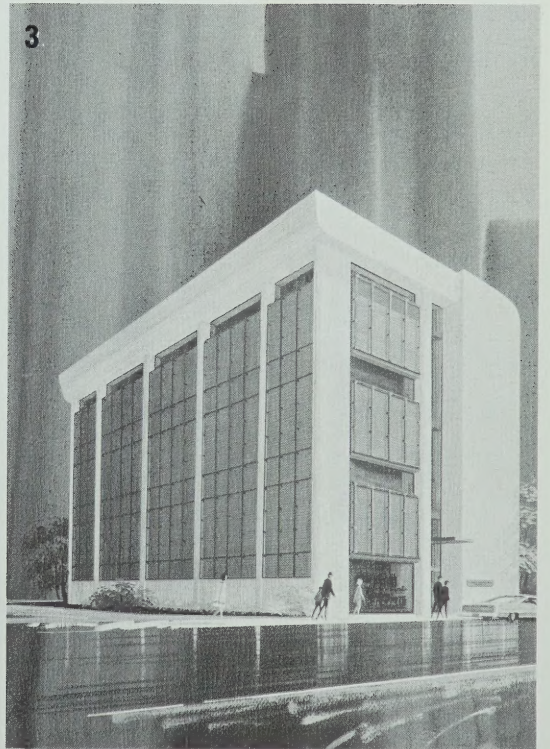
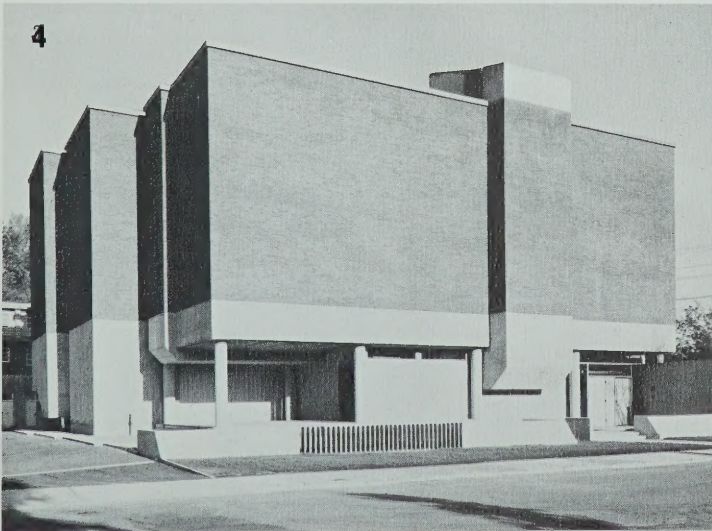


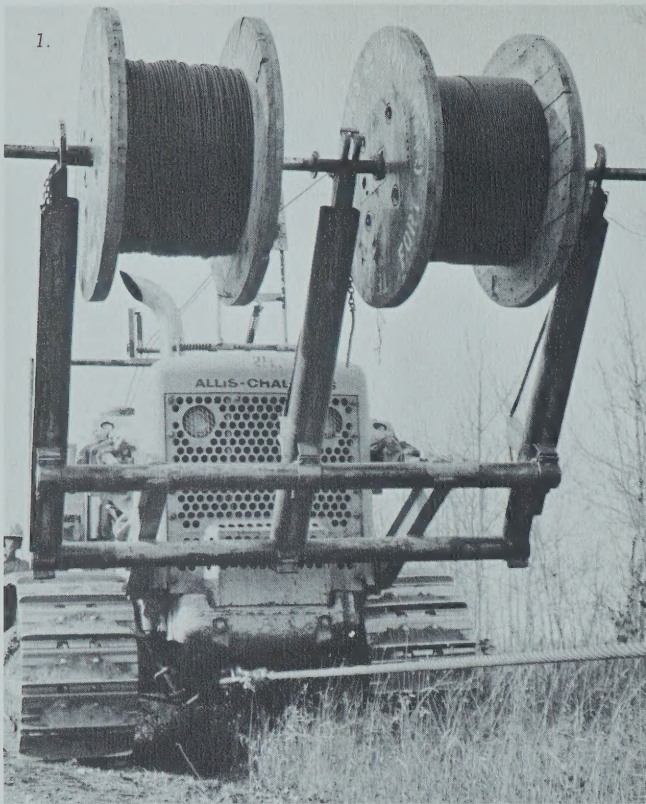
AGT's new buildings, throughout the province, are noted for their outstanding design, appearance, and functional qualities. They include the following:

1. Head Office, Edmonton (on the drawing board).
2. Huntington Hills Exchange, Calgary (on the drawing board).
3. Central Office, Drumheller (under construction).
4. Elbow Park Exchange, Calgary (completed).

2.







1. AGT's rural buried cable program — scheduled for completion in 1973 — will bring four-party service to virtually all of the rural subscribers in the province.
2. An IBM 360 Model 50 computer, incorporating the most advanced modular features, was put into service at the end of the year.
3. AGT developed and introduced Teacher's PET, a Portable Educational Television package which has stimulated wide international interest. The PET is a flexible unit, economical enough for every school in the province.





AGT, part of

Trans-Canada Telephone System